

Charles R. Jacob III  
Haynee C. Kang  
MILLER & WRUBEL P.C.  
250 Park Avenue  
New York, New York 10177  
(212) 336-3500

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

TERWIN ADVISORS LLC,

Plaintiff,

-against-

AMERICAN LENDING GROUP, INC.,

Defendant.

Case No.: 07 CV 10631 (WHP)

ECF Case

**REPLY TO COUNTERCLAIM**

Plaintiff Terwin Advisors LLC (“Terwin”), by its attorneys Miller & Wrubel P.C., as and for its Counterclaim of defendant American Lending Group, Inc. (“ALG”), hereby:

1. Denies the allegations of paragraphs 26 and 27 of the Answer and Jury Demand.

**AS AND FOR A FIRST AFFIRMATIVE DEFENSE**

2. The Counterclaim fails to state a cause of action on which relief can be granted.

**AS AND FOR A SECOND AFFIRMATIVE DEFENSE**

3. The Counterclaim is barred because ALG failed to perform its obligations under the Purchase Agreement, as set forth in the Complaint.

**AS AND FOR A THIRD AFFIRMATIVE DEFENSE**

4. The Counterclaim is barred by reason of Terwin's common law right of offset and the fact that, as set forth in the Complaint, Terwin has claims against ALG that far exceed any claims of ALG against Terwin.

**AS AND FOR A FOURTH AFFIRMATIVE DEFENSE**

5. The Counterclaim is barred under the doctrine of estoppel.

**AS AND FOR A FIFTH AFFIRMATIVE DEFENSE**

6. The Counterclaim is barred under the doctrine of waiver.

**AS AND FOR A SIXTH AFFIRMATIVE DEFENSE**

7. The Counterclaim is barred by the parol evidence rule.

**AS AND FOR A SEVENTH AFFIRMATIVE DEFENSE**

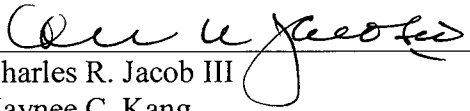
8. The Counterclaim is barred because ALG has suffered no cognizable damages.

WHEREFORE, Terwin demands judgment in its favor and against American Lending as follows:

- (i) dismissing the Counterclaim with prejudice;
- (ii) awarding Terwin as against ALG the amount of Terwin's attorneys' fees and related costs and expenses arising from ALG's breach of its contractual obligations as set forth in the Complaint; and
- (iii) granting such other or further relief as the Court may deem just and proper in the circumstances.

Dated: March \_\_, 2008

MILLER & WRUBEL P.C.

By:   
Charles R. Jacob III  
Haynee C. Kang  
250 Park Avenue  
New York, New York 10177  
(212) 336-3500

Attorneys for Plaintiff  
Terwin Advisors LLC